

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF: MARTIN S. SANDS

FILE NO. 0400325

CONSENT ORDER OF WITHDRAWAL

TO THE RESPONDENT: Martin S. Sands
 (CRD #1186904)
 35 Farewell Lane
 Greenwich, Connecticut 06831

C/o Sands Brothers & Co., Ltd.
90 Park Avenue
39th Floor
New York, New York 10016

C/o Michael Unger
Rubin and Rudman LLP
Counselors at Law
50 Rowes Wharf
Boston, Massachusetts 02110-3319

WHEREAS, Respondent on the 11th day of May 2005 executed a certain Stipulation to Enter Consent Order of Withdrawal (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated August 8, 2004 in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Withdrawal ("Consent Order").

WHEREAS, by means of the Stipulation, the Respondent acknowledged, without admitting or denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

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1. That at all relevant times, the Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act.
2. That on December 18, 2003 an Exchange Hearing Panel of the New York Stock Exchange Inc. (NYSE) accepted a Stipulation of Facts and Consent to Penalty entered into between the Exchange's Division of Enforcement and the Respondent (Decision) in File No. 03-222 which imposed the following sanctions:
 - a. Censure;
 - b. Barred for a period of four months from membership, allied membership, approved person status, and from employment or association in any capacity with any member organization; and
 - c. Fined the amount of \$50,000.
3. That the Decision found:
 - a. In or about November of 2000, the Respondent acted as the registered representative who handled the account of the Customer, the Chairman and Chief Executive Officer of XYZ, Inc. (the "Company"), a company traded on the NASDAQ.
 - b. On November 29, 2000, at approximately 8:33 a.m., the Respondent contacted the Customer and recommended that he purchase one million shares of the Company on the open market in the Customer's account with the Firm.
 - c. Thereafter, at approximately 10:06 a.m., the Customer authorized the Respondent to purchase one million shares of the Company stock in his account and provided the Respondent with time and price discretion.
 - d. The Respondent instructed the Firm's equity trading desk at approximately 10:20 a.m., to purchase one million shares of the Company for the Customer. Thereafter, the Respondent was updated on the status of the Customer's order and directed the continued purchase of shares of the Company to fill the order.
 - e. By 12:28 p.m., the Firm had purchased approximately 651,000 shares of the Company for the Customer, at a total cost of approximately \$7.2 million. Firm personal informed the

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Respondent at that time that an additional 349,000 shares of the Company remained to be purchased, and the Respondent directed personnel at the Firm to complete the Customer's order.

- f. At approximately 12:35 p.m., the Respondent instructed the Firm's options trading desk to purchase 250 January 10th calls in the Company at a strike price of \$10 for an account for the benefit of members of the Respondent's family.
- g. The Firm's options trading desk purchased 100 Company options for such account at approximately 12:45 p.m. and 150 Company call options for such account at approximately 12:47 p.m., at a total cost of approximately \$56,250.
- h. Between 12:28 p.m. and 1:50 p.m., the equity trading desk completed the Customer's order by effecting six additional purchases of Company stock at various times in various sizes totaling 349,000 shares at a total cost of approximately \$3.9 million. During this period, the equity trading desk updated The Respondent on the status of the Customer's order on several occasions. At approximately 1:50 p.m., the equity trading desk informed The Respondent of the completion of the Customer's order when the last shares of the Company were purchased.
- i. At the time the options were purchased for the family related account, the Respondent knew or was reckless in not knowing that a significant portion of the Customer's order to purchase shares in the Company had not been completed.
- j. On November 30, 2000, the Firm's compliance department detected that the Respondent had purchased the 250 call options prior to the completion of the Customer's order. Upon review, the Firm canceled the Respondent's call option purchases, which had resulted in an unrealized profit of approximately \$14,687; moved the trade to the Firm's error account; and reported the matter to the Exchange.
- k. That by virtue of the foregoing, the Respondent engaged in conduct inconsistent with just and equitable principles of trade in that he purchased options in a particular stock for an account for the benefit of members of his family prior to the completion of an order by a customer to purchase one million shares of such stock, when he knew or was reckless in not knowing that a significant portion of the customer's order had not been completed.

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4. That Section 8.E(1)(j) of the Act provides, inter alia, that the registration of a salesperson may be revoked if the Secretary of State finds that such salesperson has been suspended by any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization.
5. That the NYSE is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusion of Law:

That by virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Section 8.E(1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that:

1. He shall cause to have his registration as a salesperson in the State of Illinois withdrawn within three (3) days from the entry of this Consent Order; and
2. He has submitted, as part of this Consent Order either a certified or cashier's check in the amount of Seven Hundred Fifty dollars (\$750.00). Said amount is made payable to the Secretary of State, Investors Education Fund and shall constitute reimbursement to the Secretary of State of certain costs incurred in the administration of the Act in this matter.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

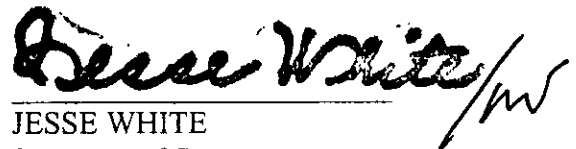
1. Martin S. Sands shall cause to have his registration as a salesperson in the State of Illinois withdrawn within three (3) days from the entry of this Consent Order.

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2. Martin S. Sands shall pay the sum of Seven Hundred Fifty dollars (\$750.00) to the Office of the Secretary of State, Investors Education Fund as reimbursement to cover the cost of investigation of this matter. Said sum shall be payable by means of certified or cashier's check and made to the order of the Secretary of State, Investors Education Fund and shall be due within thirty (30) days from the entry of this Consent Order.
3. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

DATED: This 16th day of May 2005.

A handwritten signature in black ink that reads "Jesse White". To the right of the signature, there is a small, stylized mark that appears to be "mw".

JESSE WHITE
Secretary of State
State of Illinois